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ABSTRACT

The U.S. Department of Education Student Financial Assistance (SFA) outlines its three major objectives for fiscal year 2000 in its progress report. The objectives are: 1)customer satisfaction; 2) reduction in the overall cost of delivering student aid; and 3) employee satisfaction. Several new capabilities were added to the Direct Loan servicing Web site. The Direct Loan Consolidation Loan Program's Web site was also upgraded. FAFSA on the Web was recognized as an excellent Web site, and an SFA internship program was established in summer of 1999. The SFA continues to reduce student costs. Debt collections are increasing and the Modernization Blueprint has been updated. The second employee satisfaction survey was completed in May, 2000. Training for all SFA employees has been completed, and SFA offices are on target for their move to Union Center Plaza. Document includes a "Performance Plan Indicator Status at a Glance" chart. (HB)

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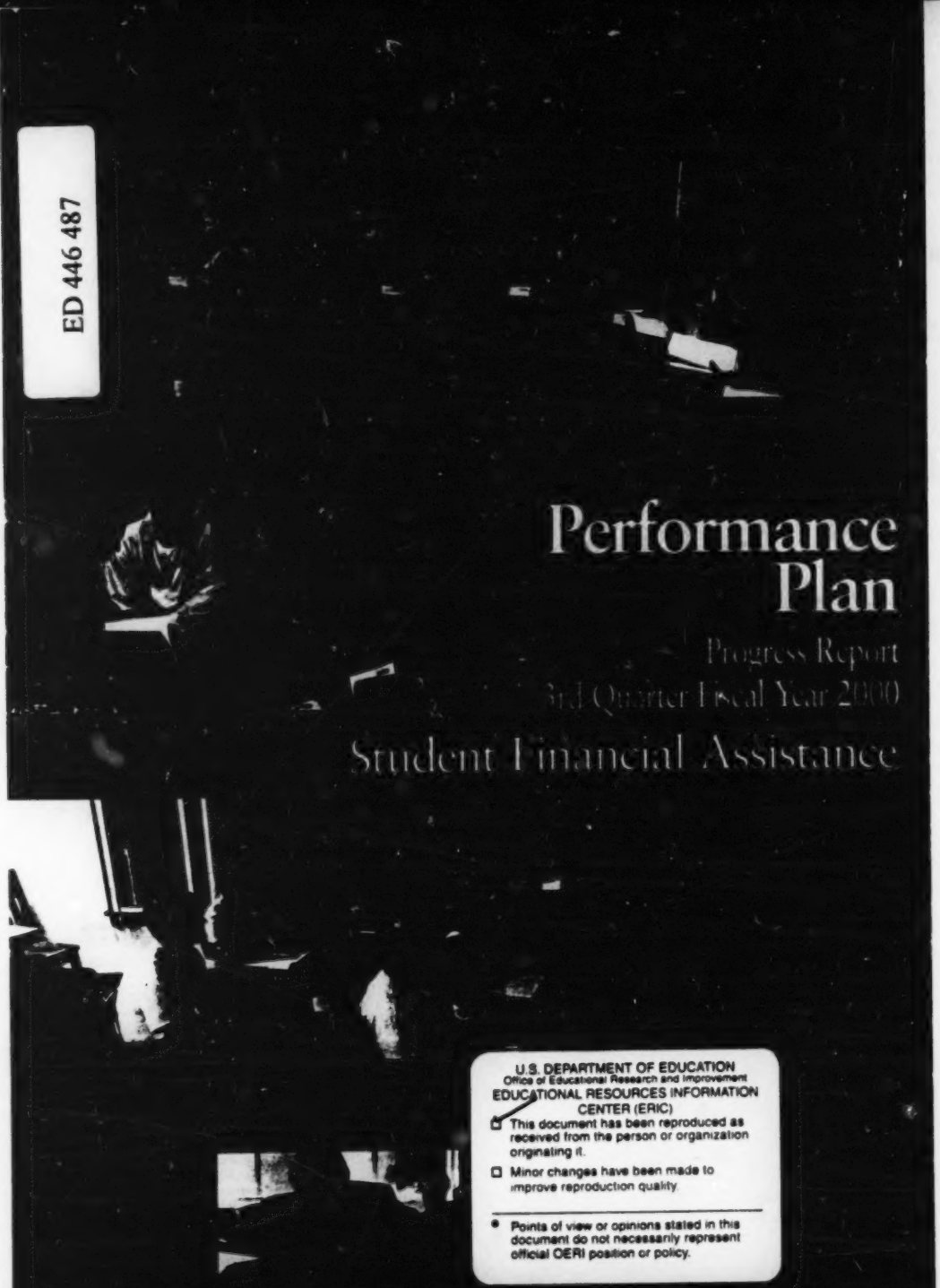

Performance Plan

Progress Report
3rd Quarter Fiscal Year 2000

Student Financial Assistance

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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OBJECTIVE ONE: Customer Satisfaction

- Based on customer requests and industry best practices, a number of new online capabilities were added to the Direct Loan Servicing Web site (**www.dlservicer.ed.gov**). This site is for students and parents who have Direct Loans, or are considering financing an education and want to know more about Direct Loans. The new capabilities grant customers increased control over their student loan accounts while providing the necessary high level of security. It now allows borrowers to update their demographic data, provides both summary and detailed financial information for each account, provides a detailed history of all payments made to a borrower's account, and allows borrowers to change their repayment plans or payment due dates. It also allows borrowers to request and determine eligibility for forbearance or deferments.

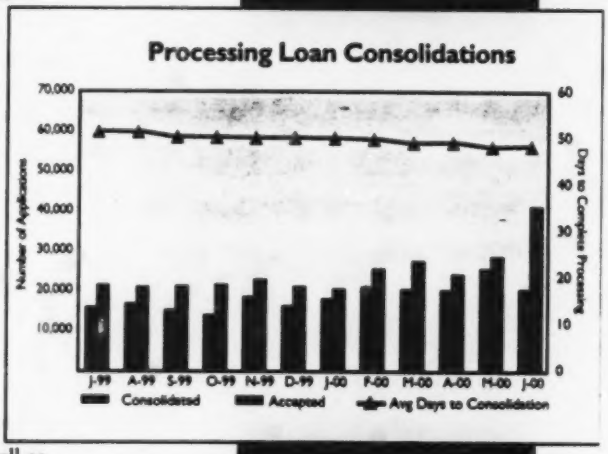
- The Direct Consolidation Loan Program's Web site was also upgraded this quarter. This Web site, **http://loanconsolidation.ed.gov**, provides a user-friendly interactive site for borrowers, schools, and lenders. The enhancements include the ability for borrowers to check the status of their application via the Web, as well as apply for a Personal Identification Number (PIN). Because of these and other modernization efforts, the number of days needed to complete a consolidation loan continues to decrease.

- Free Application for Student Aid (FAFSA) on the Web continues to receive recognition as a government Internet site that rises above the ordinary. In April 2000, *Federal Computer Week* named FAFSA on the Web as one of the 10 top government Web sites for bringing the federal government closer to the public and making it easier to work with agencies. In June 2000, FAFSA on the Web was announced as a recipient of an E-Government 2000 Pioneer Award. This award recognizes e-government best practices that increase productivity, reduce cost, and improve quality, timeliness, and accuracy of services provided to the public.

- In the summer of 1999, Chief Operating Officer Greg Woods established the SFA Intern Program. Students have the opportunity to work on substantive projects that allow them to enhance their academic interests with hands-on work experiences.

"I am very thankful for the help I received. I was in a panic, but the customer service representative was able to take me step by step through the Student Aid Report and help me make all the necessary corrections. I wish this help had been available when I was in school in the 70s. I am sure I will be calling again next year when my second daughter starts nursing school."

Parent



"I work as a customer service manager for a large distribution company and was ecstatic to receive such great service over the phone. Customer service is currently a hot topic at my company and I want to know what your secret is!"

Customer

SFA receives valuable feedback from students, which allows SFA to improve the delivery of financial aid. This summer, 34 interns were selected out of approximately 1,600 applicants. These students represent 27 public and private colleges and universities. Current intern projects include work on the Web site design for the Chief Information Officer, contract preparation and case management work in the Ombudsman's office.

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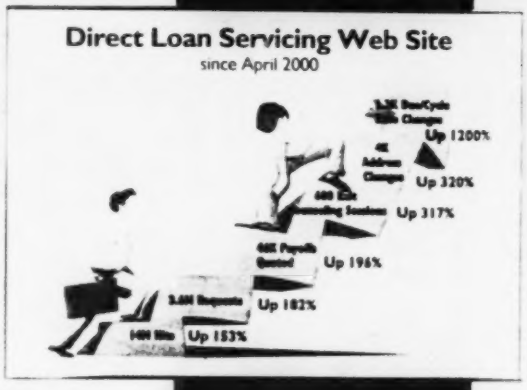
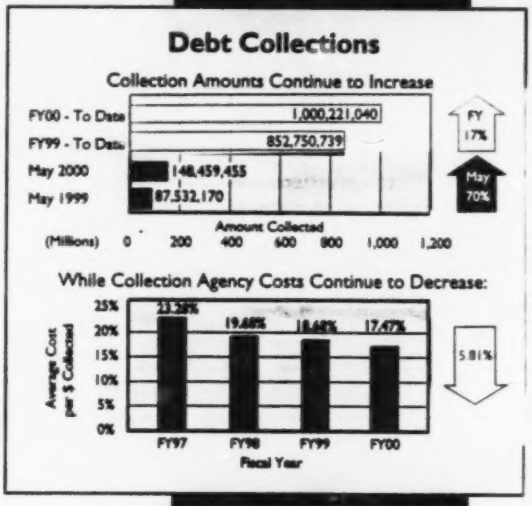
OBJECTIVE TWO: Reduce the Overall Cost of Delivering Student Aid

- The new Direct Loan Servicing Web site is an example of how SFA continues to implement services to reduce costs. This site allows borrowers to download deferment and forbearance forms. This new capability has resulted in savings of over $400,000 from February 1999 through May 2000. This service acts as a foundation upon which a complete e-servicing environment meets SFA's modernization objectives.
- Debt collections have been increasing dramatically this fiscal year. Over $1 billion have been collected through June of this fiscal year, approaching the goal of $1.2 billion. As collections increase, collection agency costs continue to decrease. The average cost per collection has fallen nearly six percentage points in the last three years.
- A mid-year update to the Modernization Blueprint was published in April 2000 for community comment. In late April, a National Town Meeting was held to permit approximately 500 education leaders across America to teleconference directly with Chief Operating Officer Greg Woods and SFA staff to discuss their views of SFA's modernization. The updated version of the Modernization Blueprint includes innovative ideas and suggestions to improve efficiency and achieve cost savings. The Blueprint will be instrumental in the realization of the new SFA organization.





"I never thought you would respond to my severe cry for help....and allow me a second opportunity to pay off my account. Thank you for caring about someone in need."

Student Loan Borrower

OBJECTIVE THREE: Employee Satisfaction

- The second employee satisfaction survey was completed in May 2000. The response rate for the second survey was significantly higher—greater than 50 percent—than for the first survey. On a scale of one to five, average overall satisfaction was 3.26. Numeric results and summarized comments have been shared with all SFA employees. As was done after the first survey, SFA's senior leaders are meeting with managers and staff to try to identify the sources of satisfaction and dissatisfaction.
- "PBO on the Front Lines" training for all SFA employees has been completed. This training resulted in the development of team action plans to improve customer satisfaction. Each plan incorporates customer feedback and includes challenging standards and actions for improving service and aligning SFA processes and activities with customer needs. The plans have been presented to managers, and SFA is moving forward to implement the various proposals.
- SFA's Washington, D.C. offices will be moving to Union Center Plaza. Construction on the new building began this spring at 830 First Street, NE—just two blocks from Metro's Red Line at Union Station.

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PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE

as of June 30, 2000

	Indicator	Status
Student Channel	Process loan consolidations in 60 days or less, currently averaging 48 days.	
	Keep the default recovery rate at 10 percent or higher, currently at 10.5 percent.	
	Call center (1-800-4FEDAID) answers 95 percent of phone calls.	
	Reduce the Lifetime Default Rate.	
	Process Free Applications for Federal Student Aid (FAFSAs) with an average turnaround time of eight days or less, currently averaging five days.	
	Respond to internal audit reports within the timeframe specified.	
	Create a new, high-quality, SFA Web site linked to the Access America Web site and the Department's "Think College Early" Web site. Pending OMB guidance, link to appropriate sites in the education community.	
	Ensure that information is provided in accessible formats to meet the Department of Education's standards for special needs.	
	Partner with the Puerto Rican education community to focus on its needs, translate more of our publications into Spanish and post them on a Spanish version of our Web page.	
	Sponsor the first annual workshop to promote outreach partnerships.	
	Test all new aid awareness products and services with students and parents to make sure they are understandable.	
	Redesign the 2001-2002 FAFSA to make it demonstrably simpler and more user friendly.	
	Redesign the Direct Loan consolidation electronic application to make it demonstrably simpler and more user friendly.	
	Work with five states and college consortia so data from college applications can be electronically applied to fill out FAFSA on the Web.	
	Expand FAFSA Correction on the Web capabilities.	
	Provide Web based mechanisms for students to check the status of their FAFSA and notify them when their electronic FAFSA has been received, and again when processing has been completed.	
	Work with the IRS to participate in a pilot test of electronic matching of income data.	
	Develop a Direct Consolidation Loan Web site and allow electronic submission of Direct Loan consolidation forms (except for forms containing a signature page) via the Internet.	
	Test all proposed changes to our application processing forms with focus groups of current and former students.	
	Include all our forms in a "pdf" file format on our Web site.	
	Establish one toll-free number, including TTY, for "one call" student customer service.	
	Reduce turnaround time for processing Direct Loan forbearance and deferment requests. Current contract standard is within ten days from the date of receipt and the current baseline average 4.7 days.	
	Increase the number of FAFSAs filed electronically from three million to four million in FY2000.	
	Eliminate paper processing (with the exception of promissory notes) for students participating in our MENTOR Project in the state of New York.	
	Partner with the National Student Loan Clearinghouse so we can eliminate mismatches in enrollment information between our own and our partner's processes.	
	Try at least five new ways to make debt collection more effective, less costly, and more customer service oriented.	
	Increase by five, the number of guaranty agency partnerships with SFA designed to improve portfolio management.	
Schools Channel	Process 95 percent of school recertifications within 120 days of receipt. Improved to 88 percent.	
	Complete 95 percent of reimbursement requests within 30 days.	
	Keep the cohort default rate under 10 percent. Current baseline is 8.8 percent.	
	Resolve 90 percent of school audits within six months of receipt. Current baseline is 82 percent.	
	Process Direct Loan origination and disbursement records within three days. Current baseline is three days.	
	Process Pell funding requests within 24-36 hours. Current baseline is three days.	
	Identify schools that fail to submit audits or that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Expand our current initiatives for new schools, including the creation of an eligibility checklist, preparing instructions on how to begin to draw funds, providing on-site technical assistance if requested, and extending an invitation to come to the regional office to meet the SFA staff.	
	Expand our current initiatives to help non-compliant schools and schools on reimbursement prepare action plans to improve their management of Title IV programs.	
	Assign each school a contact point who will be a part of a Customer Service Team with the know-how and authority to solve problems with one call. Contact points for institutions will respond to an institution's inquiry within 48 hours.	
	Post the schedule of SFA publications needed by schools on our Web site, and get public feedback on it.	

✔ Complete Exceeding Benchmark On Target Progress Concerns Not Met

PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE (cont.)

	Indicator	Status
Schools Channel (cont.)	Participate in the Partnership Forum (establish Partnership Council Teams with our school partners) to develop common business processes and interchange standards for Pell, Direct loans and FFELP. Ensure delivery of quality customer service and address other common concerns.	
	Allow schools to download all SFA software and materials through IFAP or the SFA Web site.	
	Involve schools in operational decisions to assess their impact, and test changes with schools before implementing them .	
	Increase school's access to SFA databases within Privacy Act constraints and with appropriate security measures.	
	Improve the Direct Loan origination, reconciliation and closeout process. Test and evaluate an alternative origination and payments system using a commercial servicer as part of the Access America for Students project.	
	Electronically process official cohort rate appeals based on new data.	
	Initiate a feasibility study to identify the technology solutions that can be used to fully automate the compliance audit and financial statement submission and review process.	
	Work with schools to improve the quality of data in PEPS.	
Financial Partners	Reduce the Lifetime Default Rate.	
	Identify guaranty agencies and lenders that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Create a rapid response team to identify and to address serious administrative problems.	
	Continue to work with guaranty agencies and lenders to maintain the quality of data in NSLDS.	
	Assign each financial partner a contact point within a customer service team with the know-how and the authority to get questions answered and problems solved.	
	Give guarantors access to all the information in the National Student Loan Data System within Privacy Act constraints and with appropriate security measure.	
	Involve our partners in the design of everything that affects them.	
	Join current guarantor and lender groups or establish Partnership Council Teams with guaranty agencies and lenders to develop guiding principles of quality service, training and technical assistance materials and performance data for benchmarking purposes. Develop common standards and operating rules to simplify transactions, and to address issues to improve service to students.	
	Develop electronic payment/reporting systems, in cooperation with guarantors.	
	Continuously ask our financial partners two questions: "Are we doing a better job as your partner?" and "What can we do next year to improve even more?"	
	Increase the default recovery rate for loans in default held by guaranty agencies.	
	Enter into up to six Voluntary Flexible Agreements with guaranty agencies in FY 2000, as called for in legislation, to experiment with improved ways to deliver aid, improve program integrity, and realize cost efficiencies.	
	Reduce fraudulent death and disability cases below 1998 baseline.	
	Within the Financial Partners channel, develop a project team and management methodology consistent with SFA enterprise-wide tools.	
CIO	Provide outreach services to the school community in Year 2000 preparedness, which will result in a Year 2000 school readiness measure in excess of 70 percent as reflected in a Department-focused survey on October 15, 1999.	
	Provide all student aid financial services without invoking contingency plans as a result of a major delivery system failure	
	Manage the transition of all systems into the millennium in accordance with the Office of Chief Information Officer (OCIO) Day One plans with all events occurring as planned.	
	Manage the implementation of new systems or changes to systems from November 1999 to March 2000 with minimum risk and resulting in no system failures.	
	Achieve 90 percent of the annual major modernization milestones that have been approved by the Information Technology Investment Review Board.	
	Maintain the data system and communication infrastructure service levels, while reducing the operating cost by 10 percent through consolidation of operations.	
	Work with schools to improve the quality of data in NSLDS.	
	Respond to internal audit reports within the timeframe specified.	
	Maintain and refine the System Modernization Blueprint, which addresses two of the PBO's statutory responsibilities. Publish an updated Blueprint semi-annually.	
CFO	Receive an unqualified opinion on the FY99 financial statement audit.	
	Respond to internal audit reports within the timeframe specified.	
	Interim Activity-Based Cost accounting system is operational.	
	Complete Phases I and II of the Financial Management System .	

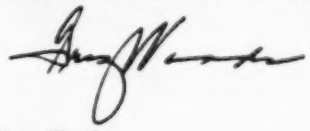
✔ Complete Exceeding Benchmark On Target Progress Concerns Not Met

A MESSAGE FROM THE CHIEF OPERATING OFFICER

It's been a good quarter for our student customers. For one thing, many of them graduated and we are proud of them and pleased that we could help. They also got our newest nifty product, the enhanced Direct Loan Servicing Web site. Students can now view more information about their loans, and do more with their loans—like change payment plans or request forbearances—than customers can do on the Web sites of some of the nation's biggest banks.

It's also been a good quarter for SFA. Collections are up and costs are down. FAFSA on the Web won the E-Government Pioneer Award (that's the crème de la crème). All of our frontline workers completed training designed to focus their energies on making SFA worthy of our customers' trust and renowned for our courtesy, great products, and efficiency. And we got an infusion of youthful thinking from this summer's class of 34 hand-picked student interns who are brightening the heart and every corner of our operation.

I've had a pretty good time too. In the past, when I'd go to a convention of the student lending community, people would line up with their complaints. But the last few months, they've been gathering around to tell me things are getting better. I think we're turning the corner.



Greg Woods

Number and Dollar Amount of Federal Student Aid Awards

Student Financial Assistance, U.S. Department of Education

FY 1999 – FY 2001[1]

	FY 1999 (Est)		FY 2000 (Est)		FY 2001 (Projected)[2]	
	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)
Pell Grants	3.8	7.3	3.8	7.9	3.9	8.5
Federal Family Education Loans (FFEL)	5.4	20.1	5.7	21.0	5.9	22.2
Federal Direct Student Loans (DL)	2.9	9.9	2.9	10.6	3.0	11.2
Consolidation Loans[3]	0.7	12.7	0.5	8.8	0.5	9.1
Campus-Based Programs	2.7	2.9	2.8	3.0	2.9	3.1
Work-Study	0.9	1.0	1.0	1.1	1.0	1.2
Supplemental Grants	1.1	0.8	1.1	0.8	1.2	0.9
Perkins Loans	0.7	1.1	0.7	1.1	0.7	1.0
Leveraging Educational Assistance Partnerships[4]	0.1	0.1	0.1	0.1	0.1	0.1
Total	**15.6**	**53.0**	**15.8**	**51.4**	**16.3**	**54.2**
Number of Students Aided by SFA Programs (Unduplicated Count)	**8.2**		**8.4**		**8.6**	

Note: Column totals may not add due to rounding.

Shows total aid generated by Student Financial Assistance, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and matching state funds.

Based upon requested amounts in the FY 2001 President's Budget.

New FFEL and DL issued to consolidate existing loans.

Reflects the LEAP program's statutory dollar-for-dollar state matching requirements. Discretionary state contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of aid available, and the average award.

SOURCE: U.S. Department of Education, Office of the Under Secretary

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